GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:3752
ANSWERED ON:09.08.2016
Price Margin to Retailers
Karandlaje Km. Shobha

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

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(a) whether the Drug (Price Control) Order (DPCO), 2013 provides that 16 per cent of Price to Retailer (PTR) as a margin to retailer shall be allowed, while fixing ceiling price of scheduled formulations and retail prices of new drugs;
(b) whether the DPCO, 2013 follows a market based methodology and not cost based methodology, if so, the details thereof and the reaction of the Government thereto;
(c) whether a Committee under the Department has recommended 35% margin limit on sale of drugs;
(d) if so, the steps the Government proposes to take in the interest of consumers and the time by which it is likely to be done; and
(e) whether NPPA has proposed certain amendments in the provisions of DPCO, 2013, including imposing fine on those violating the price norms, if so, the details thereof and the status of its implementation?

Answer

MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS; MINISTRY OF SHIPPING AND MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI MANSUKH L. MANDAVIYA)

(a): Yes, Madam.

(b): Yes, Madam. The Government notified the National Pharmaceuticals Pricing Policy − 2012 and subsequently notified the new Drugs (Prices Control) Order, 2013 (DPCO, 2013) on 15.05.2013 to control and regulate the prices of medicines in the country. The medicines of dosages and strengths as specified under the National List of Essential Medicines (NLEM)-2015 have been brought under price control based on a concept of Ceiling Price by having the Simple Average Price of all the branded and/or generic versions of such medicine having market share of more than and equal to 1% of the total domestic market turnover of that medicine.

(c): The Committee constituted by the Department of Pharmaceuticals to look into the issue of high trade margins for pharmaceutical and medical devices has proposed graded trade margins with reference to the Price to Trade (PTT) and it has inter-alia recommended 35% margin for medicines with MRP above Rs. 50/-.

(d): The endeavor of the Government has always been to take steps in the interest of the consumers and it is in an ongoing process.

(e): The Government receives various suggestions from the stakeholders including NPPA regarding various provisions of DPCO, 2013. The final view on the same is taken after consulting all the stakeholders and on the merits of the proposals which is an ongoing process.
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